



PHILIP MORRIS

U.S.A.

120 PARK AVENUE, NEW YORK, N.Y. 10017-6592 TELEPHONE (212) 880-5000

April 17, 1996

Ms. Dale Coons
San Fernando Valley Fair
7247 Hayvenhurst Avenue
Unit A-9
Van Nuys, California 91406-2852

San Fernando Valley Fair

Dear Ms. Coons:

This letter constitutes the agreement (the "Agreement") between Philip Morris Incorporated ("Philip Morris") and the San Fernando Valley Fair ("Promoter"), regarding Philip Morris' sponsorship, on behalf of its **MARLBORO** brand of cigarettes, of the San Fernando Valley Fair (the "Event") to be held from July 25, 1996 until July 28, 1996 at the Los Angeles Equestrian Center in Burbank, California. The terms of the Agreement follow:

1. Sponsorship Rights. As a premier sponsor of the Event, Philip Morris will be entitled to the following:

(a) the right to exclusive use of a 60' x 60' location at the site of the Event for the Marlboro Country Cookbook grill and hospitality unit (the "Grill") for the purpose of promoting the Marlboro Country Cookbook and soliciting participation in the promotion from adults twenty-one years of age or older. The location of the Grill will be mutually agreed upon by the parties;

(b) the right to collect a \$2.00 entry fee per person for entrance into the Grill area. All proceeds to benefit a charitable organization mutually agreed upon by the parties;

(c) the right to distribute foods and beverages featured in the Marlboro Country Cookbook to adults twenty-one years of age or older who pay an entry fee pursuant to Paragraph 1(b);

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- (d) the exclusive right to distribute branded incentive items and conduct name generation among smokers twenty-one years of age or older in the Grill area;
 - (e) the right to conduct an hourly cooking/cookbook incentive sweepstakes to adults twenty-one years of age or older in the Grill area;
 - (f) the right to enclose the Grill area with fencing;
 - (g) the right to host a party between the hours of 5:00 p.m. and 9:00 p.m. on the evening of ~~Wednesday, July 24~~ ^{Thursday July 25} 1996 in the Grill area for invited guests of Philip Morris ^{and The fair;}
 - (h) the right to display banners and signage on and around the Grill area and at other locations at the site of the Event. The size and location of such signage will be mutually agreed upon by the parties;
 - (i) the right to a sufficient number of staff badges for all individuals working at all Philip Morris promotional locations at the site of the Event. The number of such staff badges will be mutually agreed upon by the parties prior to the start of the Event;
 - (j) an aggregate of fifty complimentary general admission tickets to the Event;
 - (k) two complimentary on-site parking passes for each day of the Event;
- and
- (l) the right to recognition in advertising placed and programs distributed in connection with the Event and to approve in advance all materials and announcements prepared by Promoter that mention Philip Morris or **MARLBORO**; provided, however, that such approval is effected on a timely basis.

Promoter will obtain all releases, licenses, permits, approvals, consents and other documents required in connection with the Event and for the performance of Promoter's duties under the Agreement and will advise Philip Morris in advance of any charges or fees that will be incurred in obtaining such releases, licenses, permits, approvals, consents and other documents.

2. Sponsorship Payment. For the rights and permissions granted under the Agreement, Philip Morris will pay Promoter \$15,000. Philip Morris will pay Promoter \$7,500 within thirty days after the complete execution of the Agreement and submission of an invoice, and the balance of \$7,500 upon submission of an invoice on July 22, 1996.

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3. Term, Termination and Renewal.

(a) The term of the Agreement will commence upon its execution, and will continue until the later of the completion of the Event or Promoter's complete performance to the reasonable satisfaction of Philip Morris. Philip Morris has the right to renew the Agreement, if the Event is held in 1997, upon written notice delivered to Promoter on or before January 31, 1997. If Philip Morris elects to renew the Agreement, all terms and conditions of the Agreement will be incorporated in any renewal, with the exception of appropriate date changes and payment terms. The parties will negotiate such terms in good faith and memorialize their agreement in a separate writing.

(b) If any federal, state, municipal or local law, regulation, ordinance, order, ruling, judgement, consent decree or other governmental action becomes effective that makes the promotion of tobacco products as contemplated by the Agreement unlawful, impracticable or, in the judgment of Philip Morris, materially reduces the value of the Agreement to Philip Morris, the Agreement may be terminated by Philip Morris as of the effective date of the law, regulation, ordinance, order, ruling, judgment, consent decree or action. If the Agreement is so terminated, Promoter will refund to Philip Morris all amounts paid to Promoter by Philip Morris in connection with the Agreement. Promoter may deduct from the refund all documented nonrecoverable costs properly incurred by Promoter on behalf of Philip Morris in connection with the Agreement. Promoter will immediately deliver documentation for all such costs deducted.

4. Confidentiality. Promoter, its employees and agents will hold strictly confidential the existence and terms of the Agreement and all information and materials provided by Philip Morris to Promoter or created or acquired by Promoter in performing its obligations under the Agreement. Promoter will not use or disclose the existence or terms of the Agreement, the information or materials, or any other confidential information without the prior, written consent of Philip Morris. Upon the termination or expiration of the Agreement, Promoter will return all materials to Philip Morris. Promoter's obligation to maintain confidentiality will survive the termination or expiration of the Agreement.

5. Independent Contractor. Promoter is and will remain an independent contractor and the Agreement will not be construed to create a relation of principal and agent or employer and employee between Philip Morris and Promoter or any of Promoter's employees or agents within the meaning of any federal, state or local law. Except as specifically stated in the Agreement, Promoter will not enter into any agreement, oral or written, on behalf of Philip Morris or otherwise obligate Philip Morris without Philip Morris' prior, written approval.

2041917212

6. The MARLBORO and MARLBORO Music Names. Promoter recognizes and acknowledges that the **MARLBORO** and **MARLBORO Music** names and the names of other Philip Morris brands, the designs, emblems, slogans and insignia of **MARLBORO**, **MARLBORO Music** and other Philip Morris brands, and the goodwill associated therewith, have great value and are the sole property of Philip Morris. Promoter agrees that it has and will claim no right, title or interest in or to the same or the use thereof except the limited right to use pursuant to the Agreement. All use is subject to the advance approval of Philip Morris described in Paragraph 1(i).

7. Insurance. Prior to the commencement of the Event, Promoter will deliver to Philip Morris certificates of insurance evidencing coverage for: (i) comprehensive general liability, including advertisers' and contractual liability, with limits of no less than \$1,000,000 combined single limit for bodily injury, including personal injury, and property damage; (ii) comprehensive automobile liability, including all owned, non-owned, and hired vehicles, with limits of no less than \$1,000,000 combined single limit; and (iii) statutory workers' compensation coverage meeting all state and local requirements, including coverage for employers' liability with limits of no less than \$500,000. The certificates of insurance required by subparagraphs (i) and (ii) must name Philip Morris, its affiliates, agents, representatives, employees and assigns as additional insureds and must state that Philip Morris will be provided at least thirty days' prior, written notice of a cancellation or modification of the insurance. The insurance must be primary coverage without right of contribution from any other Philip Morris insurance. Insurance maintained by Philip Morris is for the exclusive benefit of Philip Morris and will not inure to the benefit of Promoter.

8. Indemnity.

(a) Promoter agrees to indemnify and hold harmless Philip Morris, its affiliates and each of their respective officers, employees, directors and agents from all claims, liabilities, costs or expenses, including reasonable attorneys' fees, that arise from or may be attributable to any error, omission or fault of Promoter. Promoter's obligation to indemnify and hold harmless will survive the termination or expiration of the Agreement.

(b) Philip Morris agrees to indemnify and hold harmless Promoter, its affiliates and each of their respective officers, employees, directors and agents from all claims, liabilities, costs or expenses, including reasonable attorneys' fees, that arise from or may be attributable to any error, omission or fault of Philip Morris. Philip Morris' obligation to indemnify and hold harmless will survive the termination or expiration of the Agreement.

9. Third Party Contacts. If at any time Promoter is contacted by a third party, including the media, other than as contemplated by the terms of the Agreement, concerning

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Promoter's activities on behalf of Philip Morris, Promoter will make no comment, immediately notify Philip Morris of the third party contact, and refer the third party to Philip Morris, Senior Vice President, Corporate Affairs.

10. Notices. Any notice given under the terms of the Agreement must be in writing and delivered by United States certified mail, return receipt requested, postage prepaid, and if to Promoter, at the address set forth above, Attention: Ms. Dale Coons, and if to Philip Morris, to Philip Morris Incorporated, 120 Park Avenue, New York, New York 10017, Attention: Director, Event Marketing.

11. Miscellaneous.

(a) The Agreement and all matters collateral hereto, will be governed by the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York.

(b) Force Majeure, acts of God or other causes beyond the reasonable control of either party delaying or causing the cancellation or delay of the Event will not subject Promoter or Philip Morris to any liability hereunder, except if, and to the extent, otherwise specifically provided herein.

(c) The Agreement may not be modified or amended except by a writing signed by both parties. No waiver of a breach of any term or condition of the Agreement will be deemed a waiver of any subsequent breach of the term or condition or any other term or condition of the Agreement or a general waiver.

(d) The Agreement may not be assigned by either party without the written consent of the other party. If an assignment occurs, the assignment will not relieve the assigning party of its liabilities or obligations under the Agreement.

(e) The Agreement sets forth the entire agreement between the parties and supersedes all previous oral or written agreements between the parties on the subject matter of the Agreement.

(f) If any provision of the Agreement is held invalid or unenforceable, the remaining provisions will remain in effect.

(g) Each party hereto will comply with all applicable laws, regulations and ordinances affecting its activities hereunder, including the provisions of Title 15 U.S.C. §§ 1331 et seq.

2041917214

Ms. Dale Coons
April 17, 1996
Page 6

If the foregoing accurately sets forth our understanding, please signify your acceptance and agreement by executing and returning the enclosed copies of this letter. We will forward one fully executed copy to you.

Very truly yours,



PHILIP MORRIS INCORPORATED

By: _____

Title: _____

ACCEPTED AND AGREED AS OF
THE DATE OF THIS LETTER:

SAN FERNANDO VALLEY FAIR

By: _____
Dale Coons

Title: _____

Taxpayer ID No.: _____

Filing Status: _____